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American Control Over War Prices

By PAUL WILLARD GARRETT

American International Corporation, New York, N. Y.

THE task of controlling commodity prices in the United States during the war was a more simple one, though surrounded with difficulties, than was presented abroad, because it began later and after prices had risen relatively higher. Any comparison of government price regulation here with that in Europe, therefore, would seem a less precise measure of how effective our control was than an intensive analysis simply of what we did.¹

THE WAR AND GOVERNMENT PRICE CONTROL

Commodity prices in the United States moved free from government interference during the war, so long as this country was at peace, and by March, 1917, had already risen 56 per cent above their pre-war level. There was no serious thought of price control during April, when the declaration of war sent the weighted "all commodities" index number 14 points higher within the month. The government was not as ready to bring war prices under control as some Allies had been, even during spring as advances continued, in part because there was not here the same dire necessity. The main concern during our first five months of war, and long afterward as

regulation got under way, was to assure adequate production of war commodities and to make government purchases at prices which would encourage production, without allowing excessive profits. The pioneer work of the Council of National Defense during the spring and summer of 1917, therefore, before the Food Administration, Fuel Administration, War Industries Board and War Trade Board had become separate bodies, was directed largely and simply to the surveying of government needs and making purchases. There was little thought then of fixing prices generally to the public.

The entrance of our government into the market for goods, however, at a time when the country was largely under contract to Allied governments, sent prices upward by leaps and bounds, until it became clear that the government must fix prices for its own protection. Our total exports to Europe, measured by values, during the fiscal year 1917 had trebled over pre-war exports. The 1917 frenzied demand here for wheat, intensified by the hunger of the Allies and their inability to make the larger hauls from India, South America and Australia, came when our crop was the smallest in six years. The United Kingdom, which ordinarily imports 70 per cent of her sugar from Germany and Austria, was obliged suddenly to turn here, and our sugar exports to her mounted from 66 million pounds in

¹ The data for this review are taken very largely from *Government Control over Prices* by Paul Willard Garrett, and may be had in fuller form from that volume in a "History of Prices during the War" by Wesley C. Mitchell.

1913 to 1,685 by 1916, an increase of 2453 per cent. Metal prices had a runaway market and were carried by July, 1917, to peaks unknown before. The weighted index number for the whole metals group, taking 1913 as equal to 100, jumped from 247 in March, the month before war, to 333 in July. Individual metal series, of course, made even more serious rises. Basic pig iron, f. o. b. Mahoning or Shenango Valley furnaces, climbed from \$32.25 to \$52.50 in the same months, and steel plates, tank at Pittsburgh, from \$4.33 to \$9.00, nearly 800 per cent above the pre-war quotation. The very important food group index swung upward between March and July from 142 to 167, and the fuels index, in which a variation is of only less general consequence than in the food group, rose from 131 to 168. The final upward swing of various price groups from March, when we were just entering the war, to July, when the necessity for action became unmistakable, is here represented by the Price Section weighted index numbers of 1,366 commodity series.

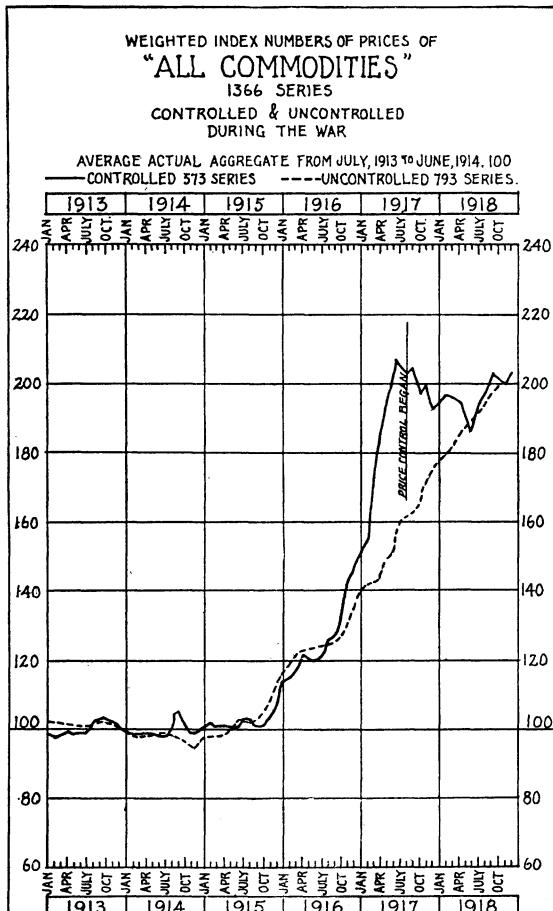
The behavior of commodity prices in the main, as the government brought them under control group by group, was very different from that before. No statistical device, it is clear, can be set up to measure what further heights prices would have reached had not the government interfered. It is only possible to look back and say what happened after control began by comparison with what happened before. The Price Section at Washington made two exceedingly useful devices by which to measure the effects of control upon its "all commodities" index number, and the major groups. The first of these devices was the separation of its "all commodities," seven groups and fifty class index numbers of 1,366 commodities, into those controlled and those uncontrolled. The other device was the construction of corresponding chain indices, showing the percentage variation each month from the month previous, made by taking commodities from the uncontrolled index and putting them into the controlled index each month as regulation was extended.

	All Com-modities	Food	Cloth-ing	Rubber, Paper, Fibres	Metals	Fuels	Bldg. Mat'l's	Chem-i-cals
1913-14.....	100	100	100	100	100	100	100	100
March, 1917....	156	142	157	143	247	131	132	159
July, 1917.....	189	167	187	144	333	168	155	180

Although the government from the outset was willing that prices advance high enough beyond previous levels to encourage an extraordinary production, these extreme fluctuations forced it formally to interfere late in the summer of 1917.

INDEX NUMBERS OF CONTROLLED AND UNCONTROLLED PRICES

The Price Section index number was, presumably, the best measure of war prices that had been used in this country and had the advantage of a larger number of significant classes.

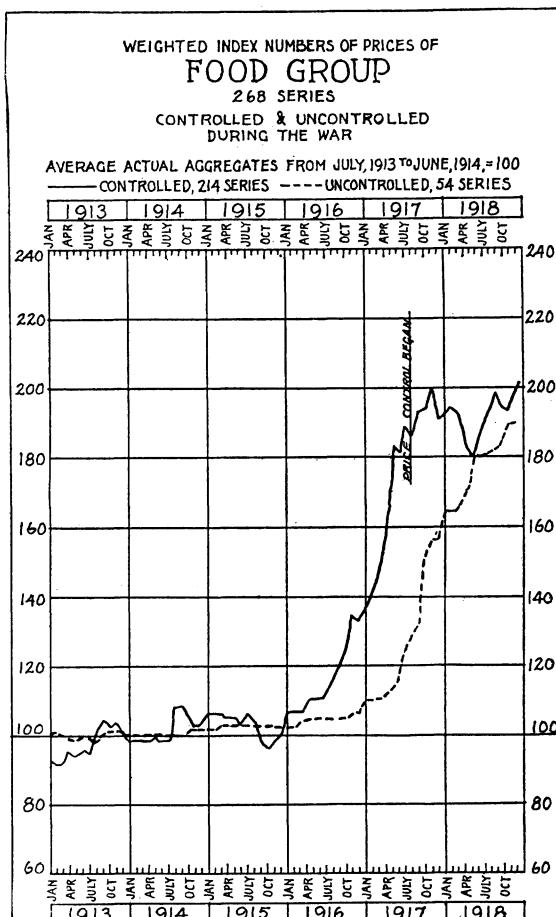


Weighted Index Numbers of Prices.—"All commodities" (1,366 series) controlled and uncontrolled during the war. By months, January, 1913, to December, 1918. (Average actual aggregates, July, 1913, to June, 1914 = 100.) (Controlled, 573 series; uncontrolled, 793 series.)

Its series were, so to speak, laid upon a table and separated into the 573 commodities which sometime came under control during the war and the 793 which did not. It is true that none of the commodities in the so-called controlled list were actually controlled before the summer of 1917, and some not until 1918. One important factor in the comparison, however, is the relative rises above pre-war levels at which each group stood

when control began and afterward—which can only be had by the index number method.

Price Section Index.—The general price level, as represented by the weighted "all commodities" index, stood at 187 in August, 1917, when control began. It is significant, however, that when separated the August index for the 573 commodities which the government then began controlling stood at 204, and that for the remain-



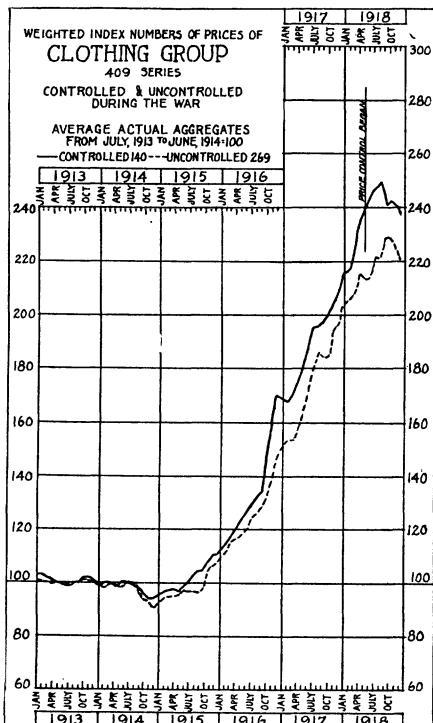
Weighted Index Numbers of Prices.—Food group (268 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914=100.) (Controlled, 214 series; uncontrolled, 54 series.)

ing 793 at only 162. After control set in, the index of the 793 uncontrolled commodities continued steadily upward, while the index of the 573 controlled commodities fell and never again during the war reached its mid-summer 1917 point.

Food Commodities.—Prices of food commodities generally, with the exception of wheat, were not fixed but regulated by various rules stipulating maximum margins of profit and con-

ditions of sale. The extension of this control, moreover, was a gradual thing, although by the time the armistice was signed virtually all important foods were under some form of license. It is noteworthy that the 214 representative series of controlled foods, beginning in the fall of 1917 after the Food Administration got well organized, fell from 200 to 179 by June, 1918, although larger demands then forced the index up again.

Clothing.—It is difficult, indeed, from a separation of controlled and uncontrolled commodities within the clothing group, to distinguish any perceptible effect of control. Cotton and wool manufactures bear the heaviest weights in the controlled list, and raw

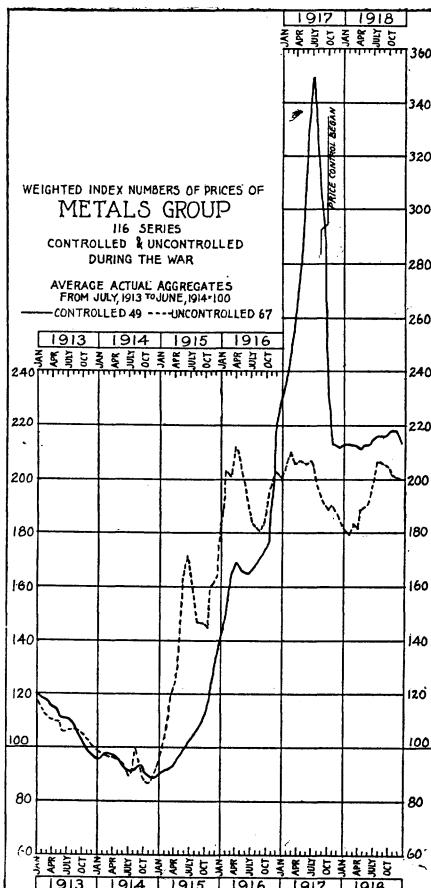


Weighted Index Numbers of Prices.—Clothing group (409 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914 = 100.) (Controlled, 140 series; uncontrolled, 269 series.)

cotton in the uncontrolled list. There was no government interference, however, until the spring of 1918 and the behavior of the controlled and uncontrolled groups thereafter, as theretofore, was strikingly similar.

Metals.—Scarcely another group shows so clear and immediate an effect of control upon market prices, as the

metals group. The index of 49 representative metals controlled reached a peak at 350 per cent of their pre-war level by July, 1917, as compared with



Weighted Index Numbers of Prices.—Metals group (116 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914 = 100.) (Controlled, 49 series; uncontrolled, 67 series.)

only 205 for other metals. A decline began shortly before formal interference, in anticipation of control, and the index was brought down to 212 by November. Metal prices, as reflected by the index, were held within a few points of that stable level all during

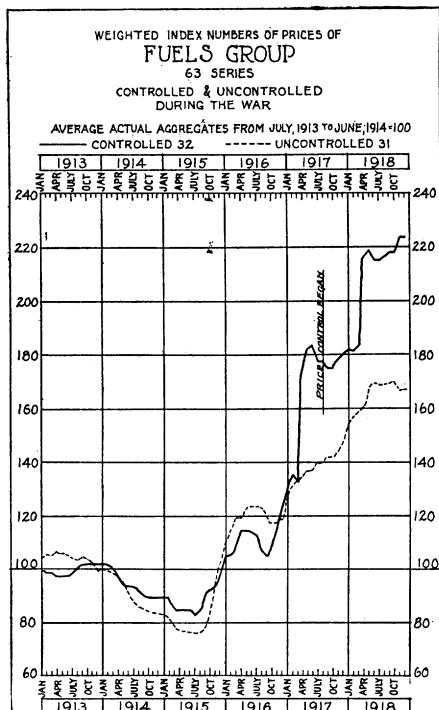
the war. The index of uncontrolled metals, it must be said, shows a remarkably sympathetic movement with the controlled index.

Building Material.—Control within the building material group, although begun in the fall of 1917, and at a time when building material prices stood only 59 per cent above pre-war level as

general movement, however, after control began and the government regulated supply, was downward.

CHAIN INDICES OF CONTROLLED AND UNCONTROLLED PRICES

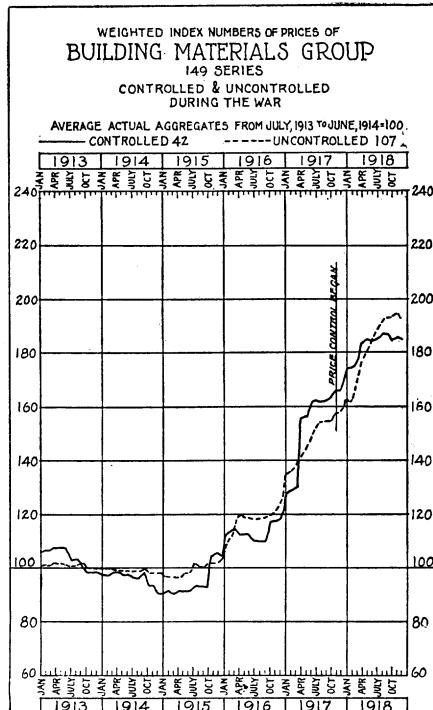
The above separation of the Price Section index number into commodities controlled and those uncontrolled,



Weighted Index Numbers of Prices.—Fuels group (63 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914 = 100.) (Controlled, 32 series; uncontrolled, 31 series.)

compared with 83 for the general price level, does not appear greatly to have reduced prices.

Chemicals.—Fluctuations within the group of chemicals later controlled were more violent than those of other chemicals all during the war. Their

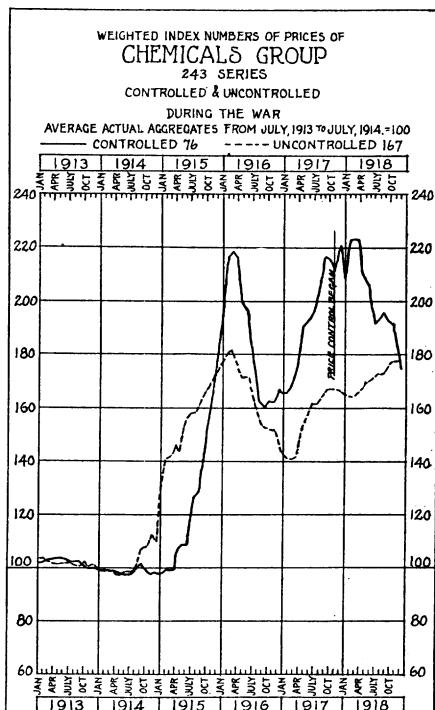


Weighted Index Numbers of Prices.—Building materials group (149 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914 = 100.) (Controlled, 42 series; uncontrolled, 107 series.)

while exceedingly useful to compare price movements with reference to their respective pre-war bases, falls short in that it represents the 573 commodities as having been controlled from the beginning. The extension of control was, on the other hand, gradual.

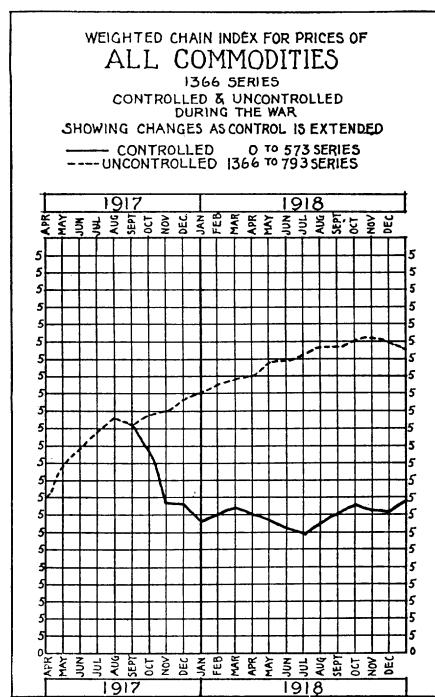
Any precise measure of the effects of regulation, therefore, makes it imperative that no particular series be put into the index until the month when its control began. The second and more accurate measure made by the Price Section, called a weighted chain

creases in exact degree, are thus strictly correct for each month. The "all commodities" chain index in April, 1917, for example, contains 1,366 commodities. In September after regulation began, the commodities were separated into 50 controlled and 1,316 uncontrolled. Each month thereafter, until the cessation of hostilities, the extension of regulations necessitated



Weighted Index Numbers of Prices.—Chemicals group (243 series) controlled and uncontrolled during the war. (Average actual aggregates, July, 1913, to June, 1914=100.) (Controlled, 76 series; uncontrolled, 167 series.)

index of the percentage rise or fall each month over the previous month, meets this requirement. The chain index permits, by reason of its changing base, the transfer of commodities from the uncontrolled list freely to the controlled list. The controlled list, which increases from month to month, and the uncontrolled list, which de-



the transfer of certain series from the uncontrolled list to the controlled list. By October, 1918, the original 1,366 uncontrolled commodities had been separated into 573 controlled and 793 uncontrolled. The chain index of controlled commodities, moreover, is a comparison of prices during the month when their regulation began with prices of the identical series in the month before, and the uncontrolled chain

AMERICAN CONTROL OVER PRICES

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PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED
PRICES, 1913-1915

Base Average Prices July, 1913, to June, 1914 = 100

PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED PRICES, 1916-1918

Base Average Prices July, 1913, to June, 1914=100

	All Commodities			Food Group			Clothing Group		
	Con-trolled	Uncon-trolled	All	Con-trolled	Uncon-trolled	All	Con-trolled	Uncon-trolled	All
	(573)	(793)	(1,366)	(214)	(54)	(268)	(140)	(269)	(409)
1916—Months—									
January.....	113	116	115	106	102	105	114	111	110
February.....	115	119	118	106	102	106	117	113	113
March.....	117	121	121	106	103	106	119	116	115
April.....	120	123	123	109	104	109	121	117	116
May.....	121	123	123	110	104	109	124	118	118
June.....	120	124	122	110	104	109	126	120	120
July.....	121	124	123	112	104	111	127	123	122
August.....	125	124	125	116	104	115	131	125	125
September.....	127	125	127	119	104	118	133	128	129
October.....	134	127	132	127	104	125	143	131	135
November.....	143	131	141	133	105	130	159	139	146
December.....	146	135	144	132	105	129	171	145	154
Quarters—									
First.....	115	119	118	106	103	106	117	113	112
Second.....	120	123	123	110	104	109	124	118	118
Third.....	124	124	125	116	104	115	130	125	125
Fourth.....	141	131	139	131	105	128	157	139	145
Year.....	125	124	126	116	104	115	132	124	125
1917—Months—									
January.....	151	140	148	136	110	133	170	151	155
February.....	155	142	151	140	110	136	169	153	156
March.....	164	142	156	150	110	142	173	153	157
April.....	183	146	170	170	111	157	177	158	163
May.....	192	149	178	183	113	166	181	162	167
June.....	201	152	183	182	115	164	189	168	174
July.....	209	160	189	189	123	167	195	181	187
August.....	*204	162	187	*186	127	168	195	186	189
September.....	205	163	186	193	130	173	197	185	189
October.....	198	167	182	194	150	177	201	186	191
November.....	200	172	183	200	156	182	204	195	199
December.....	193	174	182	191	156	178	207	198	202
Quarters—									
First.....	157	141	152	142	110	137	170	152	156
Second.....	194	149	177	179	113	162	182	163	168
Third.....	206	162	187	190	127	169	196	184	188
Fourth.....	196	171	182	193	154	178	204	193	198
Year.....	188	156	175	176	126	162	188	173	177
1918—Months—									
January.....	195	178	185	193	165	182	214	205	209
February.....	198	180	187	196	165	184	216	207	212
March.....	197	182	188	194	166	182	222	210	218
April.....	196	187	191	189	170	180	236	216	228
May.....	192	189	190	182	172	177	*240	214	226
June.....	189	191	189	179	180	175	244	215	228
July.....	195	194	193	186	180	182	247	221	233
August.....	199	195	196	192	180	187	249	221	234
September.....	204	199	201	199	181	194	241	230	237
October.....	201	201	201	194	182	195	242	231	238
November.....	200	200	201	193	188	194	241	227	234
December.....	204	197	203	201	189	202	238	223	230
Quarters—									
First.....	197	180	187	194	165	183	217	207	213
Second.....	192	189	190	183	174	177	240	215	227
Third.....	199	196	197	193	180	188	245	224	235
Fourth.....	201	199	202	196	186	197	240	227	234
Year.....	197	191	194	192	176	186	236	218	227

* Price control began during month.

AMERICAN CONTROL OVER PRICES

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PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED PRICES, 1913-1915

Base Average Prices, July, 1913, to June, 1914=100

	Rubber, Paper, and Fiber Group			Metals Group			Fuels Group		
	Controlled (21)	Uncontrolled (98)	All (119)	Controlled (49)	Uncontrolled (67)	All (116)	Controlled (32)	Uncontrolled (31)	All (63)
1913—Months—									
January.....	144	108	114	120	118	120	100	104	102
February.....	140	108	113	118	113	118	99	106	101
March.....	133	108	112	117	111	116	99	106	101
April.....	125	103	107	115	110	114	98	107	101
May.....	118	103	105	114	109	113	98	106	101
June.....	115	103	105	111	108	111	98	106	101
July.....	109	103	104	111	105	110	99	105	101
August.....	108	103	104	110	105	110	101	103	102
September.....	105	103	103	108	107	108	102	104	102
October.....	97	103	102	105	106	105	102	103	102
November.....	97	103	101	99	103	100	102	102	102
December.....	97	99	99	96	100	96	102	99	101
Quarters—									
First.....	139	108	113	118	114	118	99	105	102
Second.....	119	103	106	113	109	113	98	106	101
Third.....	107	103	103	110	106	109	101	104	101
Fourth.....	97	102	101	100	103	100	102	101	101
Year.....	116	104	106	110	108	110	100	104	101
1914—Months—									
January.....	96	98	98	95	99	96	102	100	101
February.....	98	98	98	98	98	98	102	99	100
March.....	98	97	98	97	96	97	101	99	100
April.....	101	98	99	96	95	96	99	97	98
May.....	100	98	98	94	94	92	94	95	96
June.....	93	97	97	92	92	93	93	93	95
July.....	93	97	96	92	90	91	93	89	94
August.....	110	98	101	93	100	94	93	87	94
September.....	105	98	100	94	92	93	91	85	92
October.....	97	97	98	91	87	91	89	84	91
November.....	99	97	98	89	87	89	89	83	91
December.....	111	97	100	89	90	89	89	83	91
Quarters—									
First.....	98	98	98	97	98	97	102	100	101
Second.....	98	98	98	94	93	94	95	95	96
Third.....	103	97	99	93	94	93	93	87	93
Fourth.....	102	97	99	90	88	89	89	83	91
Year.....	100	97	98	93	93	93	95	91	95
1915—Months—									
January.....	111	97	100	90	95	91	89	82	90
February.....	96	85	90	91	108	93	89	80	89
March.....	98	85	90	92	119	95	86	78	88
April.....	97	85	90	94	124	98	84	77	85
May.....	95	85	90	96	145	101	84	77	85
June.....	98	86	90	99	164	106	84	77	85
July.....	99	86	91	102	172	110	83	76	85
August.....	97	86	90	105	147	110	85	77	86
September.....	95	85	89	110	147	114	91	79	90
October.....	96	86	90	113	145	116	92	87	92
November.....	104	86	92	119	159	124	93	95	95
December.....	117	87	95	132	163	136	98	103	100
Quarters—									
First.....	102	89	93	91	108	93	88	80	89
Second.....	97	85	90	96	145	102	84	77	85
Third.....	97	86	90	106	155	111	86	78	87
Fourth.....	106	86	93	121	156	125	94	95	96
Year.....	100	87	91	104	141	108	88	82	89

PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED PRICES, 1916-1918

Base Average Prices, July, 1913, to June, 1914=100

	Rubber, Paper, and Fiber Group			Metals Group			Fuels Group		
	Controlled (21)	Uncontrolled (98)	All (119)	Controlled (49)	Uncontrolled (67)	All (116)	Controlled (32)	Uncontrolled (31)	All (63)
1916—Months—									
January.....	132	93	103	141	186	147	105	111	106
February.....	122	96	104	148	203	154	106	115	107
March.....	130	99	109	164	201	168	109	120	109
April.....	124	103	112	168	212	174	114	120	112
May.....	114	105	112	166	209	171	114	123	113
June.....	106	106	111	165	197	169	114	123	113
July.....	101	107	112	165	185	167	113	123	113
August.....	102	109	114	169	181	170	107	123	110
September.....	102	111	117	172	181	172	105	118	109
October.....	106	113	120	177	187	176	109	117	111
November.....	111	116	123	202	196	202	119	119	120
December.....	125	119	129	220	202	218	123	119	122
Quarters—									
First.....	128	96	106	150	197	155	107	115	107
Second.....	114	104	112	167	206	171	114	123	113
Third.....	102	109	114	169	182	171	108	121	111
Fourth.....	114	116	124	199	195	199	117	118	118
Year.....	114	107	114	171	195	174	111	119	112
1917—Months—									
January.....	133	127	138	230	199	226	131	127	129
February.....	139	129	141	237	205	234	136	133	133
March.....	144	130	143	251	210	247	134	134	131
April.....	142	135	146	267	205	260	173	135	163
May.....	150	136	148	285	206	276	182	137	172
June.....	147	136	147	330	205	315	184	137	173
July.....	140	135	144	350	205	333	178	140	168
August.....	140	135	143	328	198	313	^a 178	140	169
September.....	142	142	149	295	192	283	176	142	165
October.....	139	142	147	234	188	228	176	142	164
November.....	138	141	146	212	190	209	179	144	167
December.....	138	140	145	211	186	208	180	148	170
Quarters—									
First.....	138	129	141	239	205	235	134	131	131
Second.....	146	136	147	296	206	286	180	136	170
Third.....	141	137	145	325	199	310	177	140	167
Fourth.....	138	141	146	219	188	215	178	145	167
Year.....	141	136	145	270	199	262	167	138	158
1918—Months—									
January.....	147	142	148	212	181	208	182	155	173
February.....	140	144	148	212	179	209	182	157	174
March.....	144	144	150	212	183	209	184	159	175
April.....	149	150	155	211	181	208	215	161	200
May.....	156	157	162	212	189	209	219	167	204
June.....	155	160	165	212	190	210	215	169	202
July.....	156	159	164	214	197	212	215	168	201
August.....	155	160	166	215	207	214	216	168	202
September.....	153	161	166	215	206	214	218	169	204
October.....	146	161	165	217	205	216	218	169	204
November.....	143	161	163	217	201	216	224	166	207
December.....	139	160	162	212	200	211	224	166	207
Quarters—									
First.....	143	143	149	212	181	209	182	157	174
Second.....	153	156	161	212	187	209	216	166	202
Third.....	155	160	165	215	203	213	216	168	202
Fourth.....	143	161	163	216	202	214	222	167	207
Year.....	149	155	160	213	193	211	209	164	196

^a Price control began during month.

AMERICAN CONTROL OVER PRICES

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PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED PRICES, 1913-1915

Base Average Prices, July, 1913, to June, 1914 = 100

	Building Materials Group			Chemicals Group		
	Con-trolled (42)	Uncon-trolled (107)	All (149)	Con-trolled (75)	Uncon-trolled (167)	All (242)
1913—Months—						
January.....	108	100	104	102	103	103
February.....	108	101	104	102	103	104
March.....	109	101	105	103	103	104
April.....	110	101	105	103	102	103
May.....	110	101	105	103	102	103
June.....	110	101	105	102	102	102
July.....	104	101	102	102	102	102
August.....	104	101	102	102	101	101
September.....	104	102	103	101	102	101
October.....	100	101	100	100	100	100
November.....	99	100	100	100	101	100
December.....	99	100	100	100	101	101
Quarters—						
First.....	108	101	104	102	103	103
Second.....	110	101	105	103	102	103
Third.....	104	101	103	102	102	102
Fourth.....	99	100	100	100	100	100
Year.....	106	101	103	102	102	102
1914—Months—						
January.....	98	100	99	99	99	99
February.....	98	100	99	99	99	99
March.....	99	100	99	99	100	100
April.....	98	99	99	99	99	99
May.....	98	99	98	99	98	98
June.....	98	99	98	98	99	99
July.....	97	99	98	98	98	98
August.....	97	99	98	99	99	99
September.....	98	99	98	101	107	106
October.....	93	98	96	99	108	105
November.....	92	98	95	98	111	106
December.....	91	97	94	98	109	105
Quarters—						
First.....	98	100	99	99	99	99
Second.....	98	99	98	99	99	99
Third.....	97	99	98	99	101	101
Fourth.....	92	98	95	98	109	105
Year.....	96	99	98	99	102	101
1915—Months—						
January.....	90	96	93	98	135	123
February.....	91	96	93	99	141	126
March.....	91	96	93	99	142	126
April.....	91	96	93	107	147	133
May.....	92	96	94	108	144	132
June.....	92	97	94	108	154	137
July.....	93	100	96	125	158	146
August.....	93	99	95	129	158	148
September.....	93	99	95	141	163	155
October.....	104	101	101	152	166	162
November.....	106	100	101	163	171	172
December.....	106	101	102	173	174	178
Quarters—						
First.....	91	96	93	98	139	125
Second.....	92	96	94	107	148	134
Third.....	93	100	95	132	159	149
Fourth.....	105	101	102	163	170	171
Year.....	95	98	96	125	154	145

PRICE SECTION WEIGHTED INDEX NUMBER SEPARATED INTO CONTROLLED AND UNCONTROLLED PRICES, 1916-1918

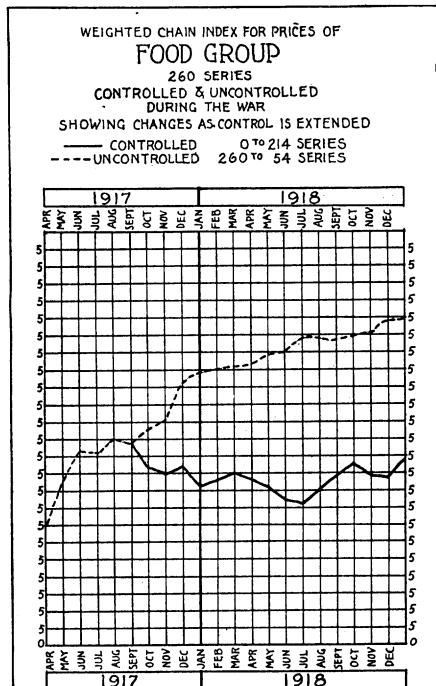
Base Average Prices, July, 1913, to June, 1914=100

	Building Materials Group			Chemicals Group		
	Con-trolled (42)	Uncon-trolled (107)	All (149)	Con-trolled (75)	Uncon-trolled (167)	All (242)
1916—Months—						
January.....	113	108	109	196	177	189
February.....	114	111	111	216	181	200
March.....	115	112	112	218	181	201
April.....	113	117	113	216	176	198
May.....	114	118	113	200	171	188
June.....	114	118	113	197	170	185
July.....	111	117	112	177	163	175
August.....	111	117	112	164	156	166
September.....	111	117	112	160	153	162
October.....	119	118	116	163	152	162
November.....	120	119	118	163	152	163
December.....	121	122	119	167	149	162
Quarters—						
First.....	114	110	110	210	179	196
Second.....	114	118	113	205	172	190
Third.....	111	117	112	167	158	168
Fourth.....	119	120	118	164	151	162
Year.....	115	116	114	187	165	179
1917—Months—						
January.....	129	132	129	166	145	159
February.....	130	133	130	167	142	157
March.....	131	135	132	172	141	159
April.....	157	141	146	179	142	163
May.....	158	144	148	190	152	172
June.....	159	148	151	192	157	174
July.....	164	151	155	196	162	180
August.....	164	152	155	203	161	183
September.....	164	153	156	217	163	190
October.....	165	153	157	217	167	193
November.....	*167	155	159	*213	167	191
December.....	167	155	159	221	167	193
Quarters—						
First.....	130	134	130	169	143	158
Second.....	153	144	148	188	150	170
Third.....	164	152	155	206	162	184
Fourth.....	166	154	158	217	167	192
Year.....	155	146	148	195	156	176
1918—Months—						
January.....	174	161	165	207	166	186
February.....	175	160	165	223	165	192
March.....	177	167	169	224	166	192
April.....	184	175	176	224	167	192
May.....	186	178	179	212	170	190
June.....	187	180	181	207	171	189
July.....	187	184	182	192	172	184
August.....	188	186	184	193	173	186
September.....	189	190	186	196	174	188
October.....	186	190	185	193	178	190
November.....	187	190	186	192	179	193
December.....	186	188	185	174	178	183
Quarters—						
First.....	176	162	167	218	166	190
Second.....	186	178	179	215	169	190
Third.....	188	187	184	194	173	186
Fourth.....	186	189	185	186	178	189
Year.....	184	179	179	203	172	189

* Price control began during month.

index is a comparison of prices still uncontrolled by the end of each month with identical series for the month preceding.

The weighted chain index of "all commodities," taking into account 1,366 individual series which represent the general price level, moved per-



Weighted Chain Index for Prices.—Food group (268 series) controlled and uncontrolled during the war, showing changes as control is extended. (Controlled, 0-214 series; uncontrolled, 268-54 series.)

sistently upward each month from our entrance into the war until August, 1917. Regulation began in September and the "all commodities" chain index from that point is separated into controlled and uncontrolled. The uncontrolled lot throughout the remainder of the war, with a most curious abandonment of the other index, moved steadily

upward. Each month, however, some of these uncontrolled commodities were brought under control and the behavior of the controlled chain index is markedly different. The government had begun to control prices in earnest by September, and the September controlled prices fell 8.05 per cent below their own August level, while those under control in October fell 14.78 per cent below their own September level. The controlled chain index thus, contrary to the movement of its companion index, made an enormous drop at the beginning of control and from November, 1917, until the armistice, held relatively stable. The movement of the food group index, significantly, is very like that of "all commodities" in which it has a large weighting. The clothing group chain index shows that the controlled series went somewhat higher in their monthly rises between May and September, 1918, than those not under control, and then fell below. The outstanding features of the chain index for the metals group are the extent to which prices were scaled from previous heights and the strength with which they were held afterward. Metal prices, in September, 1917, were brought 9.32 per cent below their August level; in October they were brought 24.82 per cent below their September level; and in November they were brought 9.68 per cent below their October level. Metal prices, once reduced to this lower level, show scarcely the variation of 1 per cent up to the signing of the armistice. The fuels group chain index shows a fairly stable price movement except for the enormous increase of 20.9 per cent in April, 1918, the beginning of the new "coal year" when

CHAIN INDEX OF CONTROLLED AND UNCONTROLLED PRICES
*Showing Weighted Rise or Fall, by Per Cents, of Controlled and Uncontrolled Prices for Each Month
 of the War*

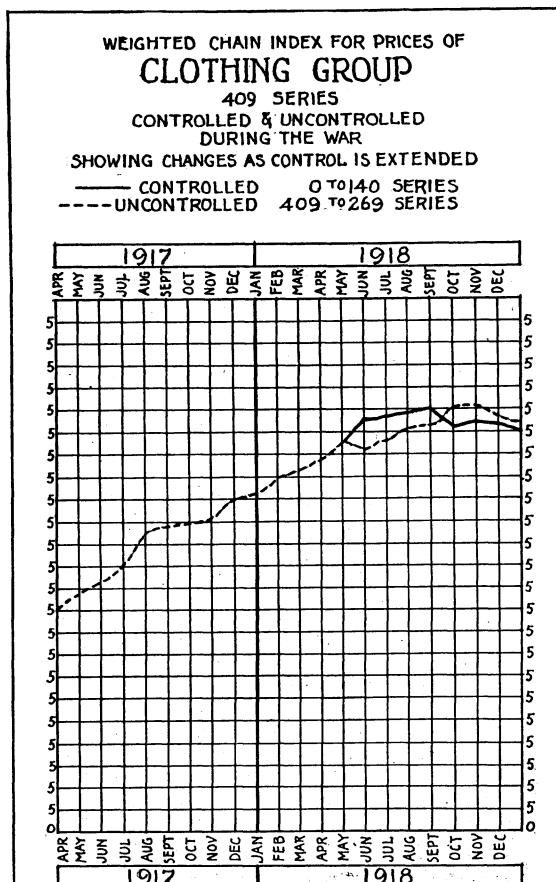
All Commodities					Food Group				
Controlled Series	Un-controlled Series	Comparison	Controlled Prices	Un-controlled Prices	Controlled Series	Un-controlled Series	Comparison	Controlled Prices	Un-controlled Prices
		1917					1917		
	1,366	April with March ..	....	+9.73	....	268	April with March ..	....	+13.21
	1,366	May with April ..	....	+4.44	....	268	May with April ..	....	+ 7.38
	1,366	June with May ..	....	+4.13	....	268	June with May ..	....	- .79
	1,366	July with June ..	....	+4.23	....	268	July with June ..	....	+ 4.20
50	1,316	August with July ..	....	-1.61	12	256	August with July ..	....	- 1.35
66	1,300	September with August ..	- 8.05	+1.94	21	247	September with August ..	-7.19	+ 4.75
266	1,100	October with September ..	-14.78	+1.11	185	83	October with September ..	-1.95	+ 1.92
294	1,072	November with October ..	- .12	+3.64	185	83	November with October ..	+1.83	+10.24
318	1,048	December with November ..	- 4.60	+1.75	185	83	December with November ..	-5.77	+ 3.35
352	1,014	January with December, 1917 ..	+ 1.25	+1.72	214	54	January with December, 1917 ..	+1.46	+ .45
362	1,004	February with January ..	+ 1.66	+ .98	214	54	February with January ..	+1.99	+ .36
387	979	March with February ..	- .90	+1.66	214	54	March with February ..	-1.17	+ .40
469	897	April with March ..	- 1.53	+3.30	214	54	April with March ..	-2.83	+ 2.33
481	885	May with April ..	- 2.22	+ .74	214	54	May with April ..	-3.24	+ 1.53
545	821	June with May ..	- 1.45	+1.42	214	54	June with May ..	-1.85	+ 4.36
570	796	July with June ..	+ 2.83	+1.42	214	54	July with June ..	+4.05	- .15
572	794	August with July ..	+ 2.25	+ .50	214	54	August with July ..	+3.03	- .04
573	793	September with August ..	+ 2.43	+2.08	214	54	September with August ..	+3.80	+ .52
573	793	October with September ..	- 1.63	+ .51	214	54	October with September ..	-2.48	+ .66
573	793	November with October ..	- .27	- .49	214	54	November with October ..	- .53	+ 3.59
573	793	December with November ..	+ 2.06	-1.04	214	54	December with November ..	+4.00	+ .42

Clothing Group					Rubber, Paper, and Fiber Group				
Controlled Series	Un-controlled Series	Comparison	Controlled Prices	Un-controlled Prices	Controlled Series	Un-controlled Series	Comparison	Controlled Prices	Un-controlled Prices
		1917					1917		
	409	April with March ..	....	+3.36	....	119	April with March ..	....	+2.59
	409	May with April ..	....	+2.07	....	119	May with April ..	....	+1.65
	409	June with May ..	....	+4.15	....	119	June with May ..	....	- .23
	409	July with June ..	....	+6.41	....	119	July with June ..	....	-1.76
	409	August with July ..	....	+1.58	....	119	August with July ..	....	-1.18
	409	September with August ..	....	+ .03	....	119	September with August ..	....	+4.16
	409	October with September ..	....	+ .85	....	119	October with September ..	....	- .36
	409	November with October ..	....	+4.01	....	119	November with October ..	....	- .49
	409	December with November ..	....	+1.51	....	119	December with November ..	....	- .45
	409	January with December, 1917 ..	....	+3.20	....	119	January with December, 1917 ..	....	+2.16
	409	February with January ..	....	+1.11	....	119	February with January ..	....	0.00
	409	March with February ..	....	+2.01	8	111	March with February ..	-0.26	+ .92
67	409	April with March ..	....	+3.95	9	110	April with March ..	+.70	+4.23
69	342	May with April ..	+4.89	- .39	19	100	May with April ..	+4.93	+4.54
69	340	June with May ..	+ .38	+ .92	19	100	June with May ..	+ .11	+1.70
122	287	July with June ..	+ .87	+2.78	19	100	July with June ..	+ .60	- .61
138	271	August with July ..	+ .69	+ .13	20	99	August with July ..	-1.54	+ .92
140	269	September with August ..	-3.16	+3.81	20	99	September with August ..	+ .05	- .02
140	269	October with September ..	+ .45	+ .54	21	98	October with September ..	-4.41	+ .23
140	269	November with October ..	- .23	-1.78	21	98	November with October ..	-2.42	- .03
140	269	December with November ..	-1.26	-1.78	21	98	December with November ..	-2.63	- .73

CHAIN INDEX OF CONTROLLED AND UNCONTROLLED PRICES—Continued
*Showing Weighted Rise and Fall, by Per Cents, of Controlled and Uncontrolled Prices for Each Month
 of the War*

Metals Group					Fuels Group				
Con-trolled Series	Un-con-trolled Series	Comparison	Con-trolled Prices	Un-con-trolled Prices	Con-trolled Series	Un-con-trolled Series	Comparison	Con-trolled Prices	Un-con-trolled Prices
		1917					1917		
...	116	April with March . . .	....	+ 5.22	...	63	April with March . . .	....	+17.83
...	116	May with April . . .	....	+ 6.53	...	63	May with April . . .	....	+ 3.96
...	116	June with May . . .	....	+14.15	...	63	June with May . . .	....	+ .72
...	116	July with June . . .	....	+ 5.59	...	63	July with June . . .	....	- 1.67
11	105	August with July . . .	....	- 6.14	...	63	August with July . . .	....	+ .24
		September with . . .			27		September with . . .		
		August . . .	- 9.32	- 9.46	27		August . . .	- 6.07	+ 5.05
18	98	October with Sep-tember . . .	-24.82	- 4.83	27	36	October with Sep-tember . . .	- .20	+ .17
26	90	November with Oc-tober . . .	- 9.68	- 3.00	27	36	November with Oc-tober . . .	+ 2.68	+ .68
39	77	December with No-vember . . .	- .39	- 1.25	27	36	December with No-vember . . .	+ .70	+ 1.96
		1918					1918		
39	77	January with De-cember, 1917 . . .	+ .16	- .95	27	36	January with De-cember, 1917 . . .	+ .88	+ 3.52
40	76	February with Jan-uary . . .	+ .39	- 1.14	27	36	February with Jan-uary . . .	+ .19	+ 1.17
42	74	March with Febru-ary . . .	- .15	+ 1.99	27	36	March with Febru-ary . . .	+ .56	+ 1.37
46	70	April with March . . .	- .40	- 1.07	27	36	April with March . . .	+20.90	+ 3.47
49	67	May with April . . .	+ .07	+ 4.09	27	36	May with April . . .	+ 1.13	+ 3.46
49	67	June with May . . .	+ .22	+ .98	27	36	June with May . . .	- 2.39	+ .87
49	67	July with June . . .	+ .86	+ 3.35	27	36	July with June . . .	- .16	- .48
49	67	August with July . . .	+ .47	+ 5.13	32	31	August with July . . .	+ .34	+ .15
49	67	September with . . .	+ .01	- .40	32	31	September with . . .	+ 1.17	+ .45
49	67	August . . .	+ 1.10	- .60	32	31	August . . .	0.00	0.00
49	67	October with Sep-tember . . .	+ .11	- 1.81	32	31	November with Oc-tober . . .	+ 2.53	- 1.56
49	67	December with No-vember . . .	- 2.61	- .51	32	31	December with No-vember . . .	0.00	- .08

Building Materials Group					Chemicals Group				
Con-trolled Series	Un-con-trolled Series	Comparison	Con-trolled Prices	Un-con-trolled Prices	Con-trolled Series	Un-con-trolled Series	Comparison	Con-trolled Prices	Un-con-trolled Prices
		1917					1917		
...	149	April with March . . .	....	+10.40	...	242	April with March . . .	....	+2.47
...	149	May with April . . .	....	+ 1.58	...	242	May with April . . .	....	+6.46
...	149	June with May . . .	....	+ 1.65	...	242	June with May . . .	....	+2.00
...	149	July with June . . .	....	+ 2.72	...	242	July with June . . .	....	+2.65
...	149	August with July . . .	....	+ .24	...	242	August with July . . .	....	+1.67
		September with . . .					September with . . .		
		August . . .	....	+ .33	...	242	August . . .	....	+4.00
...	149	October with Sep-tember . . .	....	+ .45	...	242	October with Sep-tember . . .	....	+1.08
6	143	November with Oc-tober . . .	....	+ .45	22	220	November with Oc-tober . . .	+2.88	-1.13
16	133	December with No-vember . . .	+0.57	+ 1.15	27	215	December with No-vember . . .	+2.54	-1.71
		1918					1918		
16	133	January with De-cember, 1917 . . .	+3.91	+ 3.71	51	191	January with De-cember, 1917 . . .	+ .74	-4.83
16	133	February with Jan-uary . . .	+ .71	- .12	55	187	February with Jan-uary . . .	+1.23	+4.43
16	133	March with Feb-ruary . . .	+1.86	+ 3.12	55	187	March with Feb-ruary . . .	+ .33	+ .83
31	118	April with March . . .	+4.26	+ 4.73	60	182	April with March . . .	- .45	+ .45
31	118	May with April . . .	+ .96	+ 1.73	62	180	May with April . . .	- 1.21	-2.41
31	118	June with May . . .	+ .09	+ 1.57	72	170	June with May . . .	-1.99	+ .47
42	107	July with June . . .	+ .32	+ 1.68	72	170	July with June . . .	-7.62	+ .09
42	107	August with July . . .	+ .93	+ 1.11	75	167	August with July . . .	-2.33	- .50
42	107	September with . . .	+ .09	+ 1.86	75	167	September with . . .	+1.19	+ .63
42	107	August . . .	-1.47	0.00	75	167	August . . .	-1.46	+2.39
42	107	October with Sep-tember . . .	+ .53	+ .35	75	167	November with Oc-tober . . .	- .36	+ .56
42	107	December with No-vember . . .	- .35	- 1.03	75	167	December with No-vember . . .	-9.44	- .95



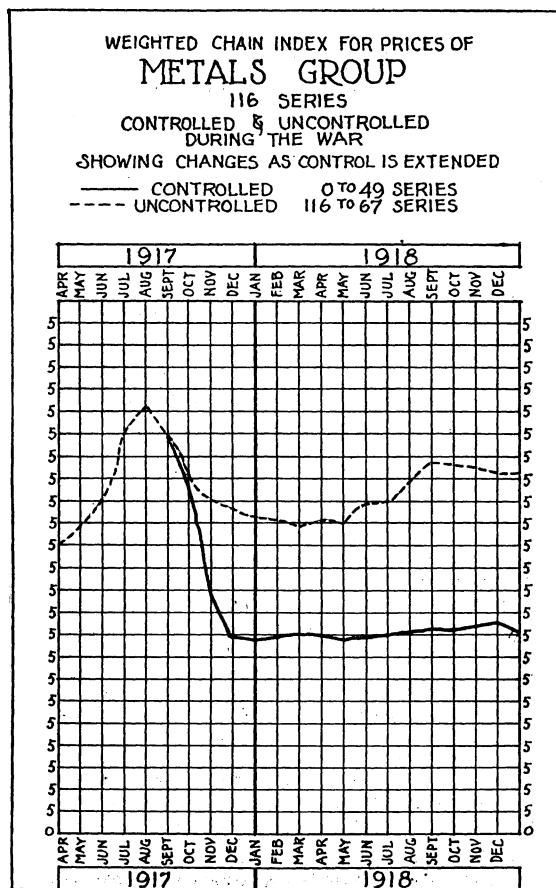
Weighted Chain Index for Prices.—Clothing group (409 series) controlled and uncontrolled during the war, showing changes as control is extended (Controlled, 0-140 series; uncontrolled, 409-269 series.)

the annual contracts, under which a very large proportion of all coal mined is sold, were reversed.

RELATIVE POINTS BELOW WHICH 50 BASIC COMMODITIES WERE PEGGED

One of the primary motives behind price control during the war was the desire to stimulate a maximum production. The various committees, though always desirous of holding prices within reasonable bounds, were anxious primarily to assure a full out-

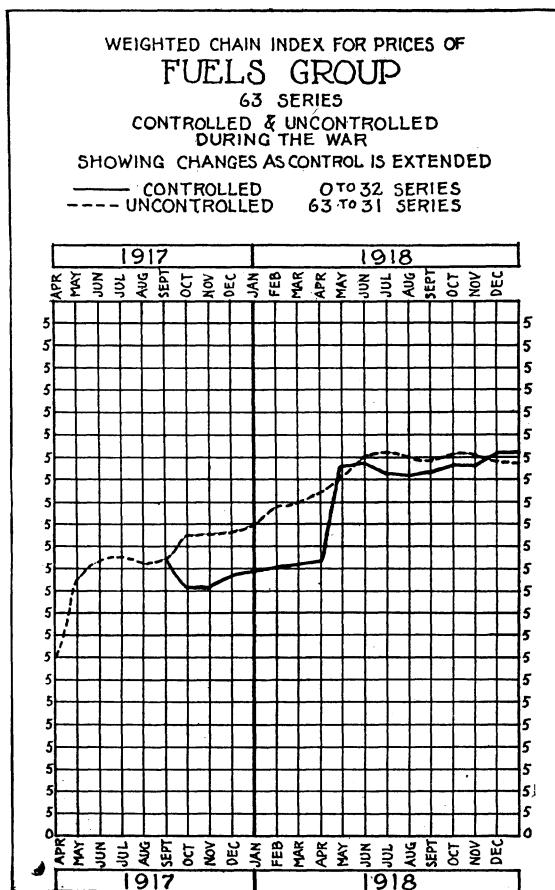
put and did so frequently by means of liberal price allowances. They undertook to meet these ends by a rather extensive regulation over the prices of important basic raw materials. The government early regulated wheat, and then as occasion demanded it extended control to various other raw materials such as copper, iron ore, pig iron, lumber, wool, hides and skins, and cotton yarns. A study of the schedules of these fixed prices gives a very poor notion of the relative market



Weighted Chain Index for Prices.—Metals group (116 series) controlled and uncontrolled during the war, showing changes as control is extended. (Controlled, 0-49 series; uncontrolled, 116-67 series.)

heights at which each regulation began, both with respect to its own pre-war level and with respect to that of other controlled prices. It is of significance to note whether government interference with prices began generally at the same relative height, or whether other factors dictated the time and character of the government control. An equally significant inquiry is the relation which the fixed prices bore to the market prices prevailing at the time regulation set in.

There have been here chosen from the controlled commodities 50 representative series, which typify the common practices of government regulation. The actual market prices at wholesale by months from January, 1913, through December, 1918, for each of these controlled basic commodities were turned into relative prices by making the average pre-war price (July 1, 1913, to June 30, 1914) equal 100. Each relative price thus is strictly comparable with any other.

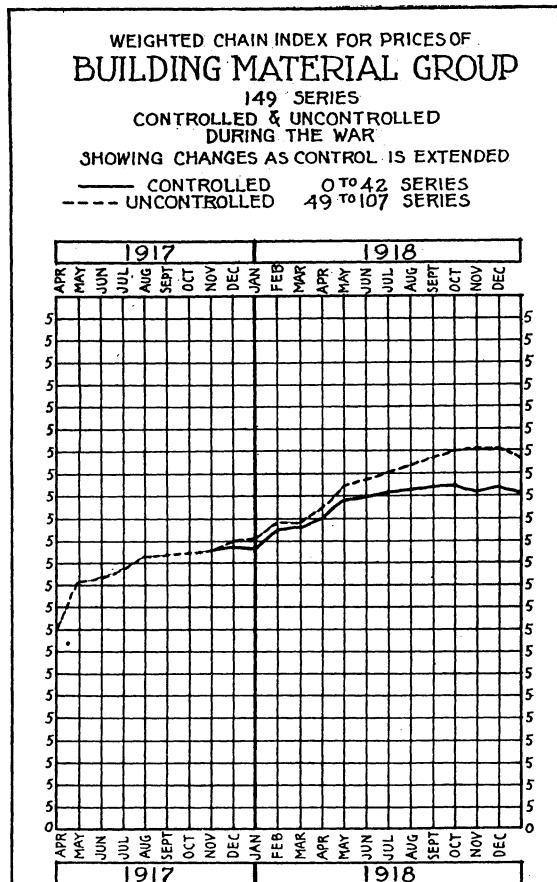


Weighted Chain Index for Prices.—Fuel group (63 series) controlled and uncontrolled during the war, showing changes as control is extended. (Controlled, 0-32 series; uncontrolled, 63-31 series.)

Relative prices of this character, for those who seek simply the relation of any market price when government control began to its corresponding pre-war price, are more accurate than the index numbers or chain indexes of groups and classes. The relative prices of individual raw materials controlled, for the point in mind, have the decided advantage of standing as separate series precisely at the height they had attained when taken hold of by the government. They, moreover, are

free from weights and permit of a study of price rises pure and simple.

The market price for calfskins, No. 1, country, 8 to 15 pounds, at Chicago, for example, was \$0.1984 per pound (made equal to 100) before the war in Europe. It had reached \$0.4040 per pound (found equal to 204 when compared with the pre-war price) in May, 1918, when the government determined upon control of calfskin prices. The government set the price at \$0.34 per pound (similarly found equal to



Weighted Chain Index for Prices.—Building materials group (149 series) controlled and uncontrolled during the war, showing changes as control is extended. (Controlled, 0-42 series; uncontrolled, 149-107 series.)

171). It is clear that while the market had sent calfskin prices from 100 in 1913-14 to 204 by May, 1918, the government then fixed them at a maximum of 171, by which one may make for himself a similar analysis for each of the 50 following commodities. It should be remembered, of course, that the method of control for all commodities was not identical. Wheat, for example, was given a minimum rather than a maximum price. A summary of the relative price of 50 selected

commodities before the European war—the relative market price which prevailed when the government determined upon regulation and the relative price at which the government fixed its initial price—follows:

THE LIFTING OF GOVERNMENT CONTROL OVER PRICES

The government began lifting its war-time control over prices immediately after the signing of the armistice, and had, in fact, virtually restored

A SUMMARY OF ACTUAL AND RELATIVE PRICES BELOW WHICH BASIC COMMODITIES WERE FIXED

Commodity	Pre-war Price (July, 1913 to June, 1914)		Market Price When Control Began		Government Initial Fixed Price	
	Actual	Relative	Actual	Relative	Actual	Relative
FOODS						
1. Bacon.....	\$0.1298	100	....	....	....	....
2. Beef.....	.1297	100	....	....	....	....
3. Cattle.....	9.1022	100	....	....	....	....
4. Corn.....	.6859	100	....	....	....	....
5. Cottonseed oil.....	.0607	100	\$0.1750	288	\$0.1750	288
6. Hogs, live.....	8.3094	100	16.9500	204	15.5000	187
7. Oats.....	.4005	100	....	....	....	....
8. Rice.....	.0526	100	.0938	178	.0913	174
9. Sugar, raw.....	.0340	100	.0690	203	.06005	176
10. Wheat.....	.8901	100	2.7875	313	2.1700	244
CLOTHING						
11. Calfskins.....	.1984	100	.4040	204	.3400	171
12. Cattle hides.....	.1861	100	.3110	167	.3300	177
13. Cotton duck.....	.1550	100	.3425	221	.3350	216
14. Cotton linters.....	.0205	100	.0487	238	.0467	228
15. Cotton weaving yarn.....	.2438	100	.7120	292	.6650	273
16. Leather, harness.....	.4121	100	.6800	165	.6800	165
17. Leather, belting.....	.5042	100	.9700	192	.9600	190
18. Print cloths.....	.0335	100	.1300	388	.1125	336
19. Rags, woolen.....	.1250	100	.5650	452	.6200	496
20. Sheeting.....	.0606	100	.2300	380	.1750	289
21. Wool, domestic.....	.2317	100	.7500	324	.7500	324
22. Wool, Buenos Aires.....	.3083	100	.7400	240	.7400	240
RUBBER, PAPER, AND FIBER						
23. Manila fiber.....	.0780	100	.7731	350	.2600	333
24. Paper, newsprint.....	1.9046	100	3.2450	170	{ 3.1000	163
25. Rubber, crude.....	.6123	100	.6000	98	3.5000	184
METALS						
26. Copper, electrolytic.....	.1492	100	.2545	171	.2350	158
27. Iron, Ore.....	3.3083	100	5.0500	153	5.0500	153
28. Lead, pig.....	.0418	100	.0625	150	.0805	193
29. Pig iron, basic.....	13.3183	100	42.7500	321	33.0000	248
30. Quicksilver.....	38.8558	100	121.7500	313	105.0000	270
31. Steel bars.....	1.2600	100	3.8800	308	2.9000	230
32. Steel billets.....	21.7917	100	55.2500	254	47.5000	218
33. Steel plates.....	1.2600	100	7.0500	560	3.2500	258
34. Steel structural shapes.....	1.4600	100	5.1900	355	3.0000	205
35. Tinplate.....	3.4375	100	12.0000	349	7.7500	225
36. Zinc sheets.....	.0735	100	.1800	245	.1500	204
FUELS						
37. Coal, anthracite.....	3.7800	100	4.9000	130	4.8000	127
38. Coal, bituminous.....	1.0900	100	2.5400	233	2.0000	183
39. Coke, Connellsburg.....	2.0625	100	11.7500	570	6.0000	291
40. Petroleum, crude.....	.9725	100	2.2500	231	....	....
BUILDING MATERIALS						
41. Cement, Portland.....	1.5800	100	2.5600	162	1.8500	117
42. Douglas fir.....	7.9167	100	18.5000	234	18.5000	234
43. Pennsylvania hemlock.....	24.8300	100	32.6200	131	32.0000	129
44. Southern or yellow pine.....	13.8750	100	27.5000	198	24.0000	173
45. New England spruce.....	24.2600	100	46.3700	191	45.0000	185
CHEMICALS						
46. Alcohol, wood.....	.4558	100	1.3500	296	.7900	173
47. Arsenic.....	.0310	100	.1600	516	.0900	290
48. Caustic soda.....	.0181	100	.0490	271	.0350	193
49. Nitrate of soda.....	2.3183	100	4.4938	194	4.2250	182
50. Sulphuric acid.....	.0085	100	.0125	147	.0090	106

prices to free competition by the end of 1918. Some controls were continued a short while beyond November 11, 1918, at requests from the industries to allow for gradual readjustment, or where it was required that particular

transactions already underway be completed.

The War Industries Board told its commodity chiefs after the armistice was signed that the war was over, and repeatedly refused to enter into new

regulations. It closed its doors to new business officially on December 31, 1918. The price-fixing committee refused numerous requests to continue price fixing, in the main, and disbanded on March 1, 1919. The Fuel Administration relinquished its control over fuels and closed officially all price control on January 31, 1919. The Food Administration, though obliged

to continue certain controls, such as wheat and sugar, lifted most of its regulations soon after the armistice. The War Trade Board continued its license control over exports and imports somewhat longer than other boards continued price control, but closed its official work on June 30, 1919, and went into the State Department for liquidation.